



AnsaldoHonolulu JV: Background and Financial Capacity



HART – November 25, 2011



Ansaldo Honolulu JV: local commitment of international players honored and ready to serve Honolulu with a rail world class system

Ansaldo Honolulu JV: a general partnership between AnsaldoSTS and AnsaldoBreda led by AnsaldoSTS...

... with proven execution capabilities...

... backed by strong AnsaldoSTS financial capacity...

... here proudly committed to serve Honolulu community with World Class system...

...ready to be implemented

- AnsaldoSTS global and public company with over 150 years of history.
- AnsaldoSTS In USA since 1881
- ~4200 international professionals executing projects in almost 50 countries
- Leading player in the Signalling and Mass transit systems, operating more than 50% of world High Speed Lines and partnering, for most of Mass transit solutions, with AnsaldoBreda, global player in the Rolling Stock industry
- AnsaldoSTS already successfully delivering in US and worldwide Signalling and Mass transit solutions in partnership with AnsaldoBreda on time and on budget
- Used to serve American customers with American resources
- No debt, Strong cash position in the range of 400-425M\$
- Reported EBITDA margins 11-12% even during the crisis
- Book-to-Bill ratio constantly >100% of Sales with a backlog > 3.5x sales guarantees strong earnings visibility over next years
- Ability to self fund R&D
- Honored and proudly committed to build and execute HART project engaging visibly and actively Hawaii and mainland US employees
- Committed to deliver A World Class System in line with those delivered in US, Europe and Middle East
- Committed to deliver on time and on budget the solutions since AnsaldoHonolulu JV has already started working more than two years ago
- Fully ready to immediately get to work to honor our commitment

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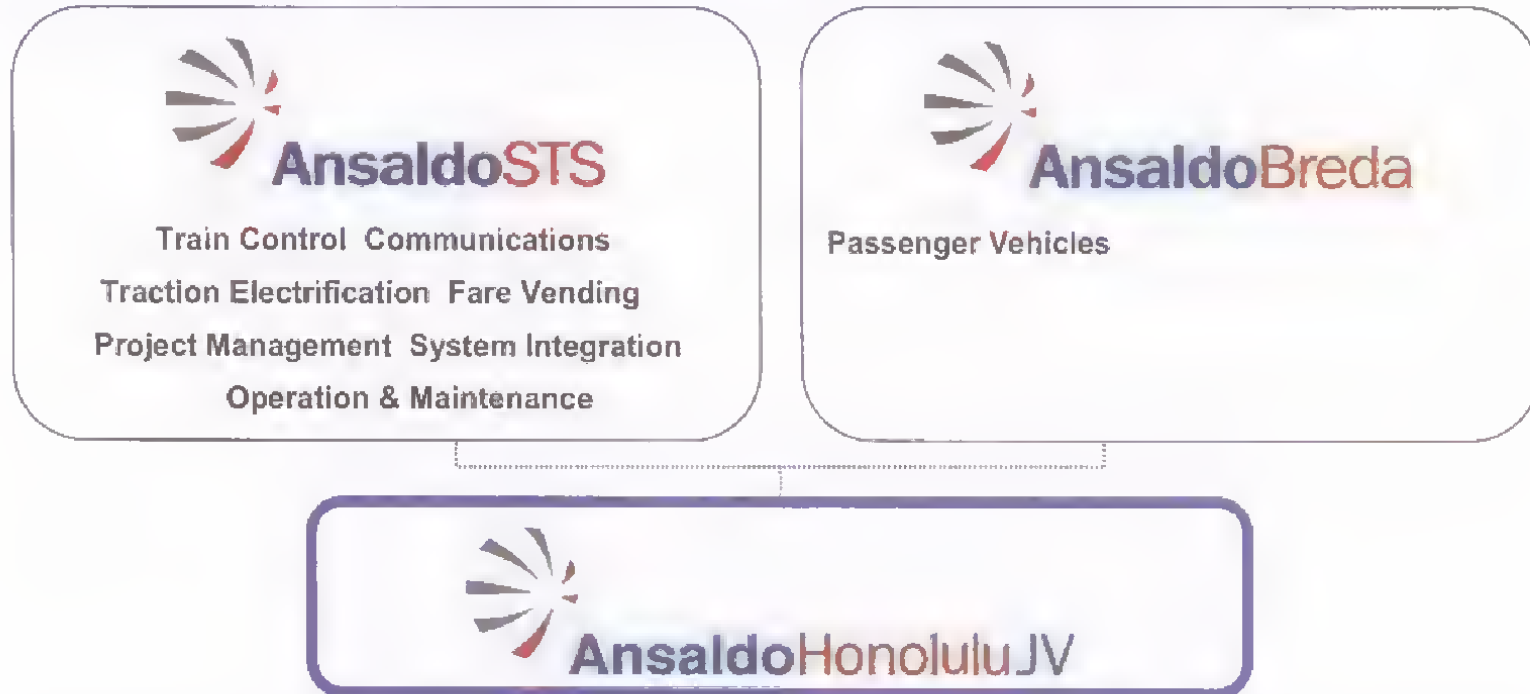
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Committed to deliver on time and on budget the solutions since

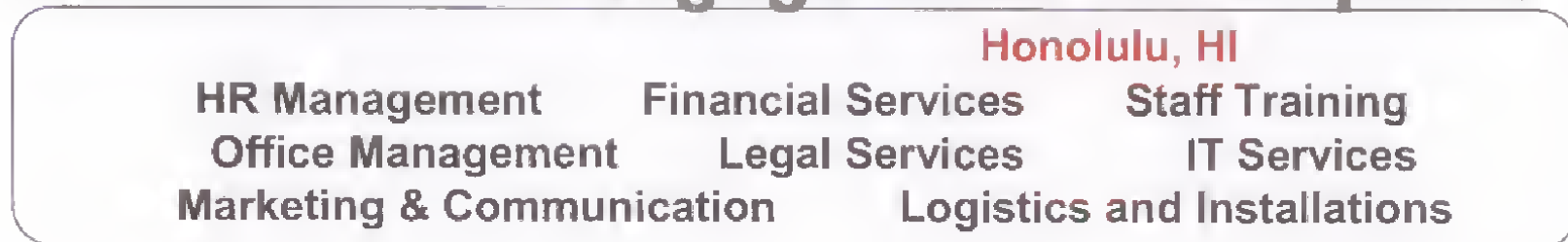
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Ansaldo Honolulu JV: a general partnership between AnsaldoSTS and AnsaldoBreda led by AnsaldoSTS



Committed to engage local Participants



AnsaldoSTS a global leading player



A worldwide organization, leading technology company operating in the global Railway & Mass Transit business.

Over 150 years of technological excellence and proven capabilities.

A complete range of products, from Signaling Systems to complete Turnkey Transportation Solutions.

- Turn-key General Contractor
- Technological Systems Integrator
- Train Control, Communications, Traction Electrification, and Other Systems Contractor
- Operations and Maintenance



AnsaldoSTS USA: structure



George Westinghouse established the Union Switch & Signal Company in 1881

- Lifetime portfolio of 361 patents
- 18 patents pertaining to railway signalling equipment and systems.

Union Switch & Signal is now Ansaldo STS USA, Inc.



860 employees in US

More than 150 years experience in Rolling Stock

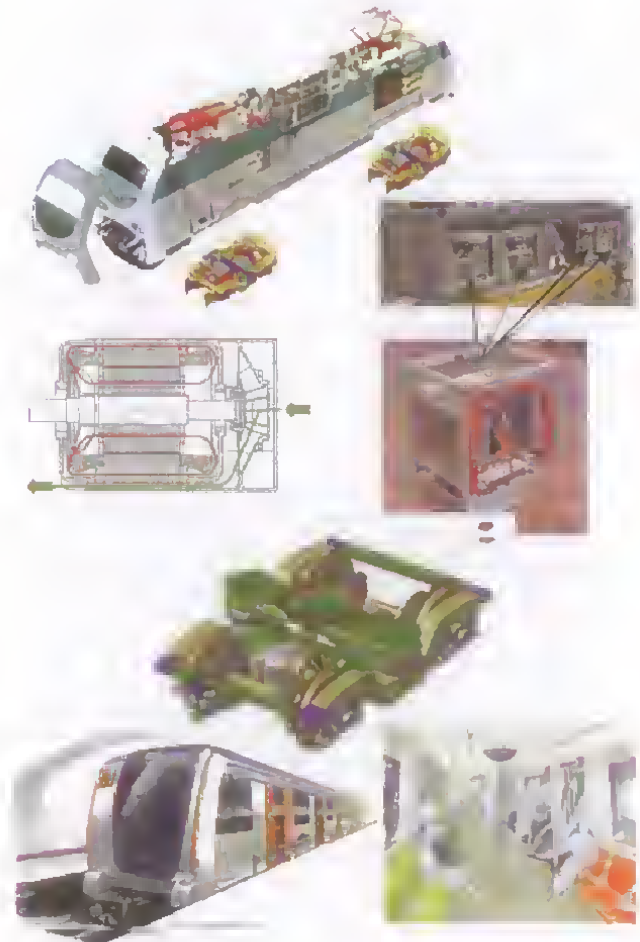
1853	Establishment of "Giovanni Ansaldo" Company
1854	The first Ansaldo Steam Locomotive "Sampierdarena"
1886	Establishment of "Ing. Ernesto breda & C." Company
1898	Steam Locos exported to Denmark, Romania and other countries
1907	Construction of the breda 1000 th Locomotive
1939	World Railway Speed Record: ETR 200 reaches 203 km/h (126 mph)
1952	Start of High Speed train regular service "Settebello" (200 km/h) (124 mph)
1978	Start of supplies in USA: Cleveland and Washington
2001	Operations merged into ANSALDObreda



AnsaldoBreda – Vehicles from A to Z



- Design and manufacture of **Complete Vehicles**
- Design and manufacture of main mechanical parts (**Carshell, Bogie**)
- Design and manufacture of electrical parts (**Traction and Auxiliary Power Converters, Traction Motor, Train Control System**)
- **Italian Style & Industrial Design**
- **Service:** Revamping, Maintenance, Upgrading



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... with proven execution capabilities...

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AnsaldoSTS: an international player actively employing local resources in all its operations



AnsaldoBreda: an international player serving the globe with local resources



BU Mass Transit

BU Main Line & HSL



We have continuously delivered on time and on budget

Project	Contractor	Bid Amount (\$ M)	System ready for operation	Unexpected Cost Overruns
Brescia Metrobus - DB	ASTS + AB	401.4	2012	0.70%
Riyadh APM - DB	ASTS + AB	307.7	2011	3.05%
Rome Line C - DB	ASTS + AB	492.5	2012	0.00%

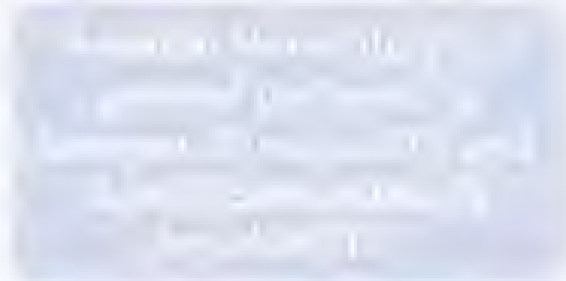


AnsaldoSTS and AnsaldoBreda: actively engaged in USA and honored to serve all main Mass Transit players

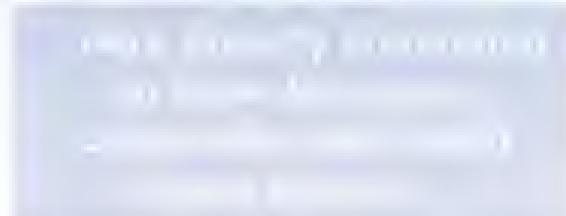


All major Mass transit authorities in US leverage AnsaldoSTS technology
US passengers ride AnsaldoBreda vehicles in 7 cities

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**... backed by strong
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AnsaldoSTS: a public company trusted by international investors with a strong governance

AnsaldoSTS: 60% Free Float¹



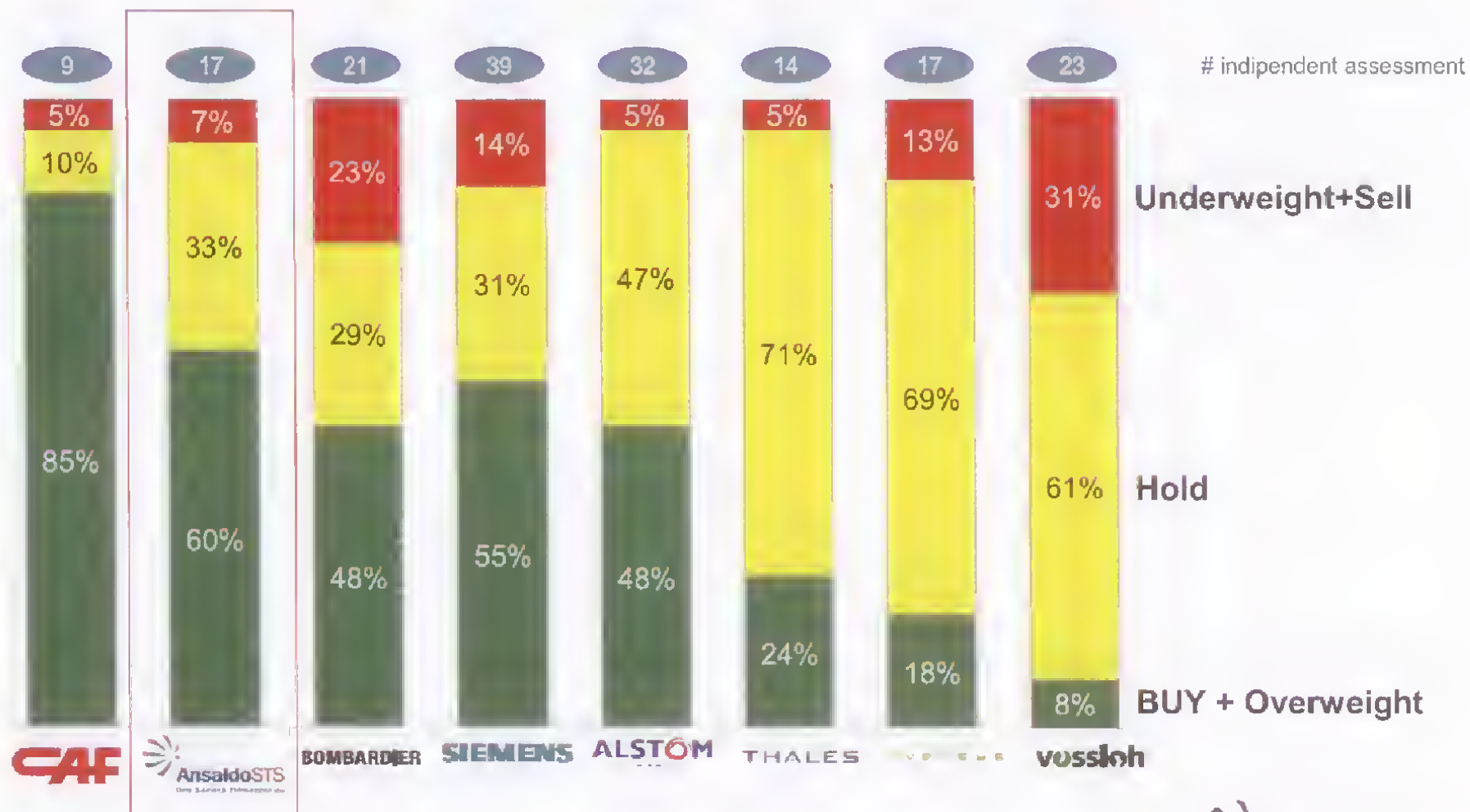
~20% of investors are in North America

Ansaldo STS - Key Data trends since the IPO (March 2006)

USD Mil	2006	2007	2008	2009	2010	9/2011
Order Backlog	3,403	4,201	4,422	5,301	6,416	6,518
New Orders	1,792	2,160	1,828	2,518	2,798	1,297
Revenues	1,308	1,372	1,558	1,658	1,810	1,186
Adj EBITA	119	141	166	176	193	111
Net Profit	65	82	109	124	134	69
Total Assets	1,341	1,508	1,596	1,938	2,283	2,268
Gross Debt	0	0	0	0	0	0
Cash & Cash Equivalent	0	0	0	0	0	0
Net Financial Position (Positive Cash) *	-223	-260	-276	-393	-449	-178
Equity	179	251	337	425	538	552
Total Net Invested Capital	-45	-10	60	32	89	376

** Negative NFP means Cash Positive status*

Ansaldo STS appeal almost highest in the market



Financial Analysts independently state AnsaldoSTS financial strenghts

Quotes

Strong Off-balance sheet guarantees confirming leading market position and execution skills

• "Guarantees increased from €1.2bn in 2008 to €2.3bn in June 2011, displaying availability and trust from financial institutions in supporting STS commercial activity"

• "Only c.30% counterganteed today by Finmeccanica"

Strong financial capability backed by flawless project execution and leading technological position

1

- Reported EBITDA margins 11-12% even during the crisis
- Global presence hedging market swings
- Ability to self fund R&D

2

- Global list of reference
- Book-to-Bill ratio constantly >100% of Sales
- Backlog > 3.5x guarantees earnings visibility over the next years

3

- Strong record in project and risk management
- Track record of very stable cash generation

4

- No debt , Strong cash position with a cash positive NFP in the rage of 400-425M\$ (average EoY)

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Contract Structure



Finmeccanica ensures the AHJV obligations regardless of any change in ownership or financial capacity of the partners

Contract structured to engage visibly and actively local Hawaii and mainland US employees

Contract Breakdown, \$M

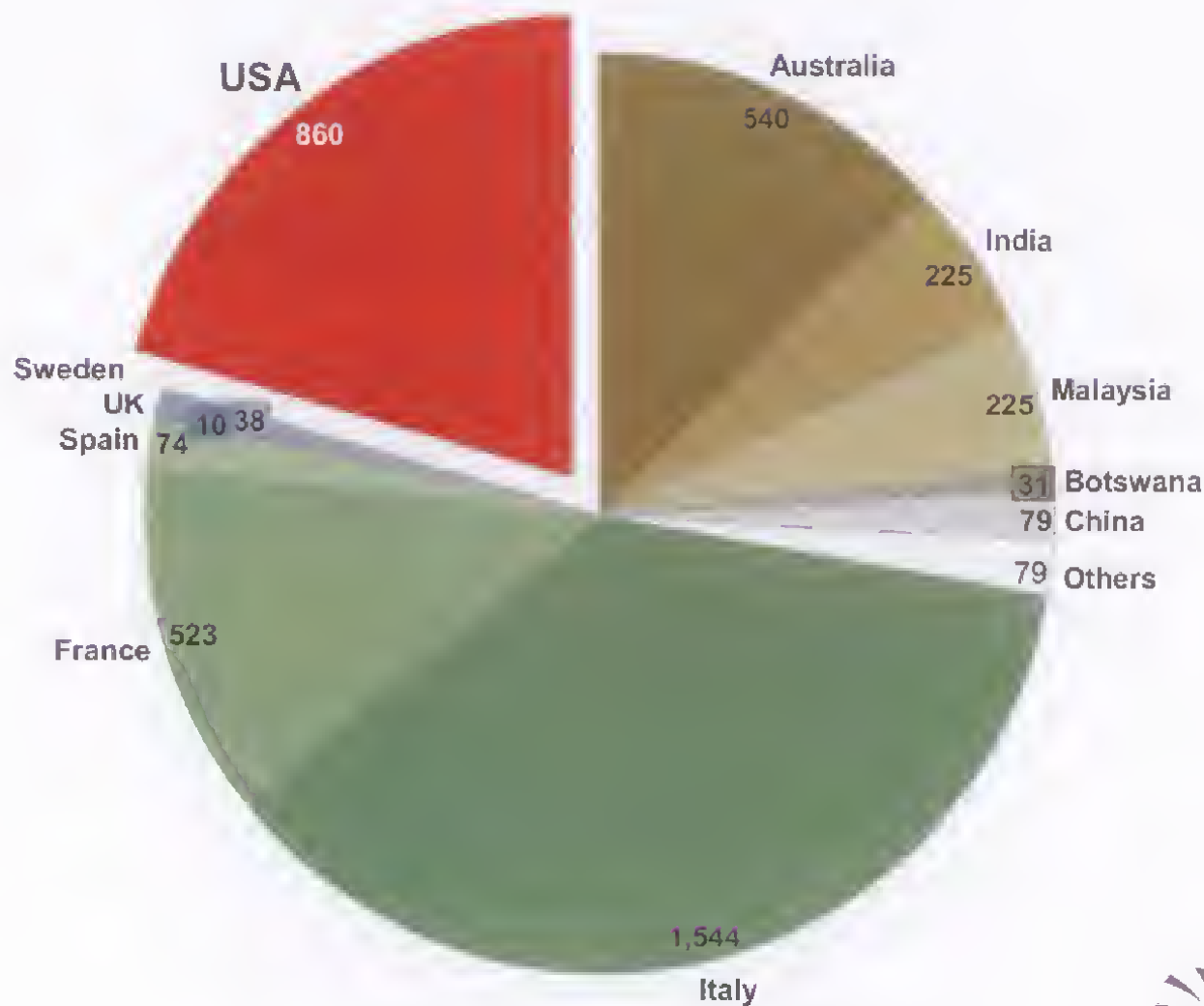


Details

- **Design – Build work**
 - 2011 thru 2019
 - 65% AnsaldoSTS, 35% AnsaldoBreda of which 80% will be American content
 - Major subsystems designed and built in USA
- **Operate-Maintain work**
 - 2015 thru 2029
 - 100% AnsaldoSTS
 - 95%+ operated locally engaging ~300 local permanent employees

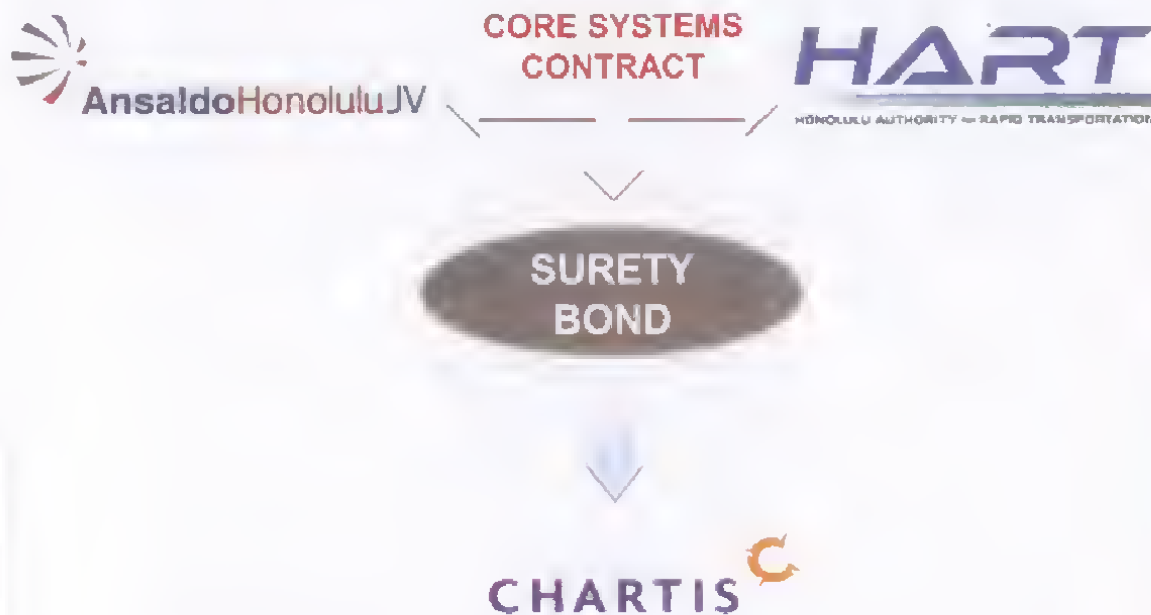
Engaging local resources is our philosophy

Ansaldo STS, 4147 resources distribution



Contract strongly backed by bond

Bond Structure



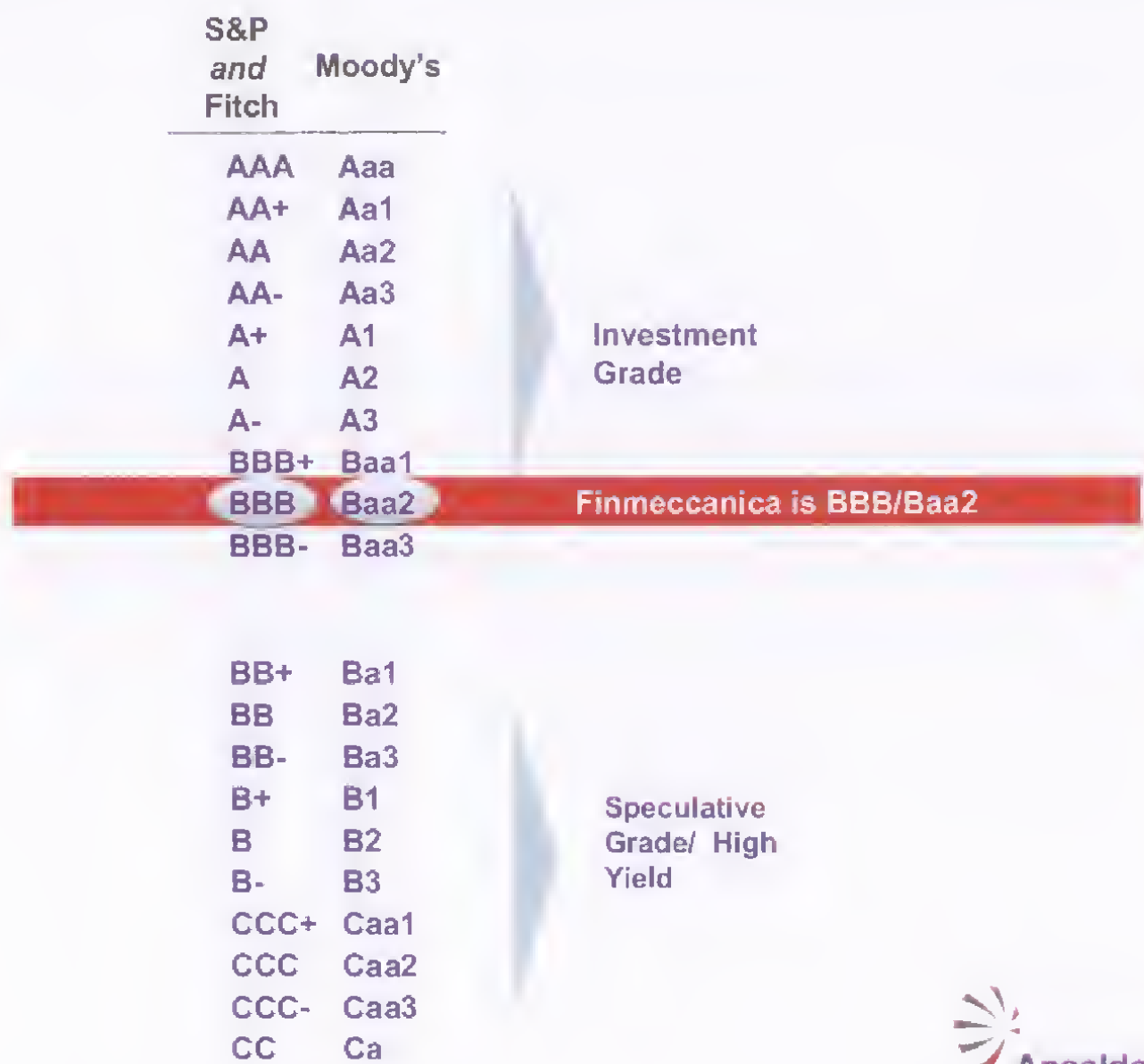
Through its subsidiary
National Union Fire Insurance Company of Pittsburgh, PA

AM Best Company Rating: A (Excellent)
Financial Size: XV (over \$ 2B)

Bond Key Data

- **Design-Build Work - \$ 574 M**
- **DB Performance Bond**
\$ 360,941,082
- **DB Labor and Material
Payment Bond**
\$ 360,941,082
- **Letter of Commitment for
O&M Bonds**

Finmeccanica financial capacity: Credit Rating is Investment Grade



Finmeccanica financial capacity: Credit Lines above 4B€ (09.30.2011)



USD Milu

Available Credit Lines

Cash Credit Lines	Size	Outstanding September 2011	Tenor	Margin (bps)
Revolving Credit Facility	3,384	0	Set 2015	90 *
Other Confirmed Credit Lines	71	0	18 months	80
Unconfirmed Credit Lines	933	212	18 months	75 - 100
Total	4,416			

* Based on current rating

Exchange rate USD/EUR 1.41

Moreover Finmeccanica enjoys Bonds for 5.7B\$ with an average maturity of ~10 years

Finmeccanica Group Finance Director letter –16. 11.11



Rome, November 16th, 2011

To: Honolulu Authority for Rapid
Transportation - HART
Ala'i Place, Suite 1700
1099 Alakea Street
Honolulu, Hawaii 96813

To the attention of
Mr. Kenneth Tori Hamanaka, P.E.
Interim Executive Director and CEO

Subject: Core System Contract – Ansaldo Honolulu JV

Dear Mr. Hamanaka,

In response to recent media reports regarding the financial situation of Finmeccanica and its possible impact on the Ansaldo Honolulu JV project we would like to submit for your consideration the following comments.

These are the facts:

1. Finmeccanica recently announced the Q3 results of the Company that were negative only taking into account a one-off extraordinary charge
2. Finmeccanica has a very solid financial situation with over 3 BN Euros of unutilized cash lines of credit as of September 30, 2011
3. Finmeccanica enjoys an "investment grade" rating by Fitch, Moody's and S&P the major credit rating agencies, higher than many competitors in this tender process.
4. There are no financial covenants or rating triggers on any of Finmeccanica's credit facilities.
5. The outstanding debts in the books of Finmeccanica have an average life in excess of 10 years.
6. Ansaldo STS is not being sold, it has no debt and it is cash positive.
7. Finmeccanica continues to look for a strategic partner to strengthen the industrial capabilities of our wholly-owned subsidiary, AnsaldoBreda, whose financial health is guaranteed by Finmeccanica. As early as next week Finmeccanica will transform approx.



project and that Finmeccanica is committed to ensure the compliance by Ansaldo Honolulu JV of its contractual obligations under the Core System Contract, regardless of any change in ownership or financial capacity of the partners of the joint venture, namely Ansaldo STS and AnsaldoBreda.

Sincerely,

FINMECCANICA - Section per Ansaldo
Group Finance Department
Senior Vice President
Luigi Calabrese

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...ready to be implemented

We are ready to start serving Honolulu Community



- 1 We are honored and proud to have been selected
- 2 We proudly offer the Community of Honolulu the experience we have gained delivering highly successful state-of-art rail systems around the world
- 3 We have already defined the project team under Enrico Fontana (PhD) leadership with clear roles and mandates and flawless plan
- 4 We have already defined strong commitments with American sub-contractors for most of the technologies

We have spent many months in planning the HART system and are fully ready to immediately get to work to honor our commitment



Background and Financial Capacity

Answers to HART questions



HART – November 25, 2011



AnsaldoHonolulu JV

Answers to HART Questions

Question #1

1. Provide comparative financial data identified below from the financial statements by year and through the most current internal statements since RFP Part 1 for Ansaldo STS, AnsaldoBreda, and Finmeccanica.
 - a. Total Assets
 - b. Current Assets
 - c. Total Liabilities
 - d. Current Liabilities
 - e. Net Worth (a - b)
 - f. Intangible Assets
 - g. Tangible Net Worth (e - f)
 - h. Working Capital - Liquid Net Assets (b - d)

The table should include the amounts annually commencing in calendar year 2004 through the most current interim period for which financial statements have been prepared in 2011. Present the amounts in U.S. dollars and the exchange rate(s) used for financial conversion.

Answer:
See next slides

Answers to HART Questions

Financial Statement in USD Millions Ansaldo STS SpA

	2004	2005	2006	2007	2008	2009	2010	9/2011
1 Total Assets	4,979	4,975	1,502 *	1,489	1,369	1,649	1,858	1,835
2 Current Assets	4,934	4,828	1,144	1,034	1,087	1,276	1,486	1,448
3 Total Liabilities	4,845	4,785	1,153	1,023	1,046	1,297	1,428	1,398
4 Current Liabilities	4,796	4,736	1,103	969	999	1,255	1,389	1,359
5 Net Worth (1-3)	134	190	349	466	322	352	430	437
6 Intangible Assets	24.2	16.5	21.7	23.9	3.1	3.5	11.8	16.6
7 Tangible Net Worth (5-6)	109	173	327	442	319	348	418	420
8 Working Capital (2-4)	138	92.4	41.2	65.0	87.9	21.0	97.0	89.0
Revenues	703	683	759	833	863	1,011	1,202	696
Exchange Rate used	1.36	1.18	1.32	1.47	1.39	1.41	1.41	1.41

* Starting from 2006: according to IAS standard

RFP1 Information updated thru September 2011

Answers to HART Questions

Financial Statement in USD Millions
Financial Statement AnsaldoBreda SpA
Last 7 Years till September 2011

	2004	2005	2006	2007	2008	2009	2010	Sept. 2011	Shareholders' Financial credit converted in equity (*)	Pro Forma Sept. 2011
1 Total Assets	1,278	1,165	1,261	1,246	1,326	1,656	1,671	1,831		1,831
2 Current Assets	1,115	1,033	1,119	1,097	1,175	1,420	1,501	1,656		1,656
3 Total Liabilities	1,236	990	928	1,128	1,253	1,402	1,599	2,035	-286	1,749
4 Current Liabilities	1,127	929	855	1,049	1,198	1,352	1,554	1,993	-286	1,707
5 Net Worth (1-3)	42	174	333	118	73	254	72	-205	286	81
6 Intangible Assets	12	0	10	2	2	85	120	120		120
7 Tangible Net Worth (5-6)	29	174	323	116	71	169	-48	-324	286	-38
8 Working Capital (2-4)	-12	104	264	47	-23	67	-52	-337	286	-51
Revenues	806	471	627	554	908	808	819	629		
Exchange Rate used	1.36	1.18	1.32	1.47	1.39	1.41	1.41	1.41	1.41	1.41

(*) On November 18th 2011 the Shareholders' Meeting of the Company decided to cover losses converting their financial credit in Equity for the amount of \$ 286 M.

- All values according to IAS/IFRS Standards

RFP1 Information updated thru September 2011

Answers to HART Questions

Financial Statement in USD Millions Finmeccanica Group

	2004	2005	2006	2007	2008	2009	2010	Sept. 2011
1 Total Assets	26,718	25,814	30,862	35,350	41,591	42,983	43,825	43,430
2 Current Assets	18,486	16,621	17,653	20,878	23,364	24,706	24,590	24,079
3 Total Liabilities	21,755	20,389	23,791	27,365	33,070	33,749	33,817	34,387
4 Current Liabilities	16,434	15,568	16,746	21,137	23,688	23,537	23,769	23,351
5 Net Worth (1-3)	4,962	5,425	7,071	7,985	8,520	9,234	10,008	9,043
6 Intangible Assets	3,026	4,243	7,018	7,741	11,449	11,614	12,592	12,478
of which Goodwill	2,783	3,920	4,591	5,048	8,048	8,208	8,710	8,617
7 Tangible Net Worth (5-6)	1,936	1,182	52	244	-2,928	-2,380	-2,584	-3,434
8 Working Capital (2-4)	2,052	1,052	906	-258	-323	1,168	820	728
Revenues	12,014	12,923	16,463	19,740	20,901	25,628	26,359	17,275
Exchange Rate used	1.36	1.18	1.32	1.47	1.39	1.41	1.41	1.41

RFP1 Information updated thru September 2011

Answers to HART Questions

Question #2

The residual value of contracts in process (backlog) for Ansaldo STS and for AnsaldoBreda as of September 2011.

Answer

Ansaldo STS \$ 6.5 B

AnsaldoBreda \$ 3.5 B

Answers to HART Questions

Question #3

Identify all contracts that have been terminated for default since 1/1/2009 through current for Ansaldo STS and for AnsaldoBreda. Provide the name of the client, the name of the project and the reason for termination.

Answer

Ansaldo STS: NONE

AnsaldoBreda: NONE

Answers to HART Questions

Question #4

Identify all contracts in which a Surety was required to perform or pay Performance and/or Payment Bond work because of default by Ansaldo STS or AnsaldoBreda since October 2001 through present. Provide the name of the Surety, the name of the client, the name of the project and the grounds for default.

Answer

Ansaldo STS: NONE

AnsaldoBreda: NONE

**We are fully ready to immediately get to work to
honor our commitment**



AnsaldoHonoluluJV



www.ansaldohonolulu.com